

Message Text

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ACTION EUR-12

INFO OCT-01 EA-06 ISO-00 AID-05 CEA-01 CIAE-00 COME-00

EB-07 FRB-03 INR-07 IO-10 NEA-09 NSAE-00 RSC-01

OPIC-03 SP-02 TRSE-00 CIEP-01 LAB-04 SIL-01 OMB-01

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FM USMISSION OECD PARIS

TO SECSTATE WASH DC 5100

INFO AMEMBASSY ANKARA

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PASS TREASURY FOR BENNETT AND COOPER

E.O. 11652: N/A

TAGS: EFIN, OECD

SUBJECT: OECD COUNCIL APPROVES RESOLUTION ON ESTABLISHMENT OF OECD AD HOC WORKING PARTY ON SOLIDARITY FUND

1. OECD COUNCIL ON JANUARY 21 APPROVED FOLLOWING RESOLUTION:

BEGIN TEXT

RESOLUTION OF THE COUNCIL ON THE CREATION OF AN AD HOC WORKING PARTY TO PREPARE A DRAFT AGREEMENT FOR THE ESTABLISHMENT OF A SOLIDARITY FUND, A NEW FINANCIAL SUPPORT ARRANGEMENT, OPEN TO ALL MEMBER COUNTRIES

THE COUNCIL,

CONSIDERING THAT MEMBERS HAVE AGREED IN THE CONVENTION ON THE ORGANIZATION TO PURSUE POLICIES DESIGNED TO ACHIEVE ECONOMIC GROWTH AND INTERNAL AND EXTERNAL FINANCIAL STABILITY AND TO AVOID DEVELOPMENTS WHICH MIGHT ENDANGER THEIR ECONOMIES OR THOSE OF OTHER COUNTRIES;

CONSIDERING THE DECLARATION ADOPTED BY THE GOVERNMENTS OF OECD MEMBER COUNTRIES /FOOTNOTE INSERTED WHICH READS "INCLUDING THE EUROPEAN COMMUNITIES"/ ON 30TH MAY, 1974, IN WHICH IT WAS AGREED THAT MEMBER COUNTRIES WILL CO-OPERATE FULLY TO FACILITATE THE FINANCING OF INTERNATIONAL PAYMENTS DEFICITS AND ARE READY TO CONSIDER APPROPRIATE ARRANGEMENTS WHICH MAY PROVE NECESSARY IN THIS RESPECT;

CONSIDERING THE ORAL REPORT BY THE SECRETARY-GENERAL ON THE MEETINGS OF THE MINISTERS AND GOVERNORS OF CENTRAL BANKS OF THE TEN COUNTRIES PARTICIPATING IN THE GENERAL ARRANGEMENTS TO BORROW IN WASHINGTON ON 14TH AND 16TH JANUARY, 1975;
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CONSIDERING THE RECOMMENDATION OF THE MINISTERS AND GOVERNORS OF CENTRAL BANKS OF THE TEN COUNTRIES PARTICIPATING IN THE GENERAL ARRANGEMENTS TO BORROW ON THE IMMEDIATE ESTABLISHMENT OF AN AD HOC OECD WORKING PARTY, WITH REPRESENTATIVES FROM ALL INTERESTED OECD COUNTRIES, TO PREPARE A DRAFT AGREEMENT IN LINE WITH THE PRINCIPLES CONTAINED IN THE COMMUNIQUE OF THE

MINISTERIAL MEETINGS (C(75)LL);

DECIDES :

1. TO CREATE AN AD HOC WORKING PARTY TO PREPARE, IN TIME TO PERMIT APPROVAL BY THE COUNCIL BEFORE THE END OF FEBRUARY 1975, A DRAFT AGREEMENT FOR THE ESTABLISHMENT OF A SOLIDARITY FUND, A NEW FINANCIAL SUPPORT ARRANGEMENT, OPEN TO ALL MEMBER COUNTRIES, IN LINE WITH THE PRINCIPLES CONTAINED IN THE COMMUNIQUE (C(75)LL) OF THE MEETINGS OF THE MINISTERS AND GOVERNORS OF CENTRAL BANKS OF THE TEN COUNTRIES PARTICIPATING IN THE GENERAL ARRANGEMENTS TO BORROW IN WASHINGTON ON 14TH AND 16TH JANUARY, 1975.

2. THE WORKING PARTY WILL BE OPEN TO ALL MEMBER COUNTRIES. REPRESENTATIVES OF THE IMF AND THE BIS MAY ATTEND MEETINGS OF THE WORKING PARTY.

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3. TO APPOINT MR. JACQUES VAN YPERSELE AS CHAIRMAN
OF THE WORKING PARTY.

END TEXT

2. WHILE SOME MINOR QUESTIONS WERE RAISED MAINLY BY
PERMREPS REPRESENTING NON-MEMBERS OF G-10, THERE WAS
NO SUBSTANTIVE OPPOSITION TO APPROVAL OF RESOLUTION.
AUSTRALIA SUGGESTED A FEW CHANGES WHICH WOULD HAVE
WEAKENED LINK TO G-10 COMMUNIQUE (E.G., DELETION TERM
"SOLIDARITY FUND") BUT THESE NOT ACCEPTED WITH STRONG
NEGATIVE REACTION BY VAN LENNEP. MAIN PROCEDURAL
ISSUE DISCUSSED ENSUED WHEN VAN LENNEP REPORTED PRE-
FERENCE OF VAN YPERSELE THAT COUNTRIES SHOULD ONLY
HAVE ONE REPRESENTATIVE IN WORKING GROUP (IN KEEPING
WITH PRACTICE ADOPTED BY G-10 WORKING GROUP). JAPAN,
SPAIN AND AUSTRIA RAISED DOUBTS ABOUT SUCH PROCEDURE
AND GERMAN PERM REP STATED HIS GOVERNMENT BELIEVES
THERE SHOULD BE NO LIMITATION ON NUMBER OF DELEGATES.
FRENCH PERMREP AND EC OBSERVER COMMENTED IN FAVOR OF
RESTRICTED FORMULA AND SECRETARIAT (MARRIS) ARGUED
LIMITATION HAD CONTRIBUTED TO EFFICIENCY AND SPEED OF
G-10 WORKING GROUP AND WOULD SEEM USEFUL TO CARRY
FORWARD THIS PRECEDENT UNTIL WORK REACHES STAGE IN

WHICH WIDENING PARTICIPATION WILL BECOME NECESSARY FOR FORMAL DECISION-MAKING PROCESS. VAN LENNEP STATED COUNCIL WAS NOT BEING ASKED TO PASS ON THIS QUESTION AND THAT NATURE OF REPRESENTATION WILL BE LEFT FOR DECISION OF AD HOC GROUP AND ITS CHAIRMAN.

3. SECRETARIAT (MARRIS) INDICATED EXPECTED TO CIRCULATE ON JANUARY 22 PAPER, TOGETHER WITH DRAFT AGREEMENT AND COMMENTARY, WHICH WOULD EMBODY RESULTS OF WORK BY G-10 WORKING GROUP AND SUBSEQUENT DISCUSSION BY G-10 DEPUTIES. SECRETARIAT ALSO INDICATED THAT WHILE VAN YPERSELE WAS NOT YET PREPARED TO CONFIRM DEFINITIVE DATE FOR FIRST MEETING OF NEW OECD WORKING GROUP, LIMITED OFFICIAL USE

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PRELIMINARY PLANS WERE TO HOLD MEETING JANUARY 30-31 IN PARIS. IN ADDITION, BOTH CHAIRMAN AND SECRETARIAT WOULD BE PREPARED TO BE AVAILABLE ON DAY BEFORE (PRE-SUMABLY JANUARY 29) FOR PRIOR CONSULTATIONS EITHER BILATERALLY OR AS A GROUP, WITH THOSE INTERESTED OECD COUNTRIES THAT HAD NOT PREVIOUSLY PARTICIPATED IN G-10 DELIBERATIONS, SO THAT THEY MIGHT BE BETTER BRIEFED ON "HOW TO STEP ONTO MOVING TRAIN".
TURNER

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